

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industrial Promotion – Extension of incentives to M/s. Amerind Petroleum Private Limited, Hyderabad for setting up a Petroleum Refinery Project in Visakhapatnam District (by relocating the existing Petroleum Refinery in USA) under Industrial Investment Promotion Policy (IIPP) 2010-15 as a Mega Project - Orders – Issued.

INDUSTRIES & COMMERCE (INF) DEPARTMENT

G.O.Ms.No. 7

Dated:10-01-2012

Read the following:

1. From the Chairman, M/s. Amerind Petroleum Private Limited, Letter dated: 28-7-2011
2. The State Investment Promotion Committee (SIPC) Meeting held on 27-12-2011.
3. The State Investment Promotion Board (SIPB) Meeting held on 31-12-2011.

O R D E R:-

M/s. Amerind Petroleum Private Limited, Hyderabad in the reference 1st read above among others informed that M/s. Amerind have entered into a Technical Collaboration partnership with M/s. American Industrial Corporation (AIC), a company incorporated in U.S.A. with its office situated at 2408 Foxtail Drive, Palmdale, California 93551 U.S.A for setting up a Petroleum Refinery Project. M/s Amerind Petroleum Private Limited proposed to setup a "Petroleum Refinery" and Petroleum Chemical Complex" at Atchutapuram (M), Vishakhapatnam in two phases. In the 1st phase, the company would set up a Petroleum Refinery of capacity 7.5 million metric Tons per annum with an investment of Rs.2500 Crores and in the second phase 7.5 million metric Tons along with Petrochemical Complex with an investment of Rs.7,750 Crores.

2. M/s. Amerind Petroleum Private Limited, the first Private Sector Unit in the State, and proposed to be located in the coastal belt of Andhra Pradesh, abutting the Bay of Bengal and comes under the petroleum, chemicals and petrochemical investment region (PCPIR). The Refinery has to have a Railway siding and should be well connected to the National Highway, NH-5 in joint Technical Collaboration with the American Company. The Company has plans to set up 3500 retail outlets (Petrol / Gas stations), to market their own products, over a period of 3 to 5 years, from the date of commencement of commercial production and will be able to provide direct employment for 55,000 persons. Initially AMERIND will be marketing their products through a marketing Tie-Up with the Oil Marketing Companies (OMCs) of India.

(P.T.O.)

3 M/s. Amerind Petroleum Private Limited entered into a Comprehensive Agreement with American Technical Collaborator - AIC to acquire an existing, running and operating Petroleum Refinery in the USA, and to relocate it in Andhra Pradesh, India, at the proposed site for the Refinery.

4. M/s. Amerind Petroleum Private Limited have requested the Government of Andhra Pradesh to consider the following incentives:

- (a) To acquire/allot, 710 Acres of land for 1st phase (300 Acres for Main Refinery + 400 Acres for Tank Farm & Green Belt + 10 Acres for On Shore Pumping Station). Another 800 Acres for expansion of Refinery. Totaling to 1510 Acres on market value;
- (b) 75% of reimbursement of VAT/CST/SGST/Entry Tax on all the Petroleum Products and Petrochemicals for a period of 10 years from DCP;
- (c) 75% reimbursement of VAT / CST / SGST / Octroi , Service Tax, Entry Tax, on all the capital goods, materials and consumables purchased locally or by imports, during the project implementation period and subsequently on all purchases, local and imports of the raw materials consumables for a period of 10 years from DCP;
- (d) Offshore Floating Marine Terminal (SPM) inside the sea approximately at a distance of around 5 KM, where this floating Platform will be anchored to the sea bed by Chains and two pipelines will be laid on the seabed, one to receive crude oil and the other to dispatch the refinery petroleum products, and also to have a receiving and pumping station onshore near the coastline;
- (e) 100% exemption instead of reimbursement on Stamp Duty and transfer duty paid for purchase of lands by the company;
- (f) 100% exempted from the payment of land conversion charges wherever applicable;
- (g) To enter into a Marketing Arrangement / Tie-Up, with the Oil Marketing Companies in India, i.e. Indian Oil Corporation Ltd. and/or Bharat Petroleum Corporation Ltd, who already have similar arrangements with four Private Sector Refineries in India, to market and distribute the Petroleum Products to be produced by the Refinery;
- (h) Government to provide the electrical power requirements of the Refinery from the HT main feeders, through a dedicated line till their plant, by waiving the line charges; and
- (i) The Company proposes to generate its own power by co-generation, and requests that it should be exempted from payment of the electricity duty.

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5. In the reference 2nd read above, State Investment Promotion Committee (SIPC) have discussed in detail and recommended to extend incentives as per Industrial Investment Promotion Policy (IIPP) 2010-15 Policy, even though the project involves re-located Machinery, which will be treated as second hand Machinery.

6. In the reference 3rd read above, the State Investment Promotion Board (SIPB) in its meeting held on 31-12-2011 discussed the proposal in detail and noted that this industry is relocating a Refinery from USA with assistance from Exim Bank of USA. Even though, the second hand machinery is not eligible for incentives under the Policy, State Investment Promotion Board decided to extend incentives as per IIPP 2010-15 Policy, as it is the first Mega Project in Petroleum Refining in the Private Sector.

7. Government after careful examination of the proposal and keeping in view of the recommendations of the State Investment Promotion Board (SIPB), hereby extend the following incentives to M/s. Amerind Petroleum Private Limited for their proposed petroleum refinery project in Visakhapatnam District under Industrial Investment Promotion Policy (IIPP) 2010-2015, as a mega project.

- (i) 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use;
- (ii) 100% reimbursement of Stamp duty on mortgages and hypothecations;
- (iii) Fixed power cost reimbursement @ Rs.0.75 per unit (upper ceiling) on the proposed revised rates (2010-11) for 5 years from the date of commencement of commercial production. In case, decrease in Power Tariff, the reimbursement will be reduced proportionately;
- (iv) Reimbursement of 25% VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production;
- (v) 50% Reimbursement of cost involved in skill up gradation and training the local manpower limited to Rs.2000 per person;
- (vi) 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakhs; and
- (vii) Infrastructure like roads, power and water will be provided at door step of the industry for standalone units by contributing 50% of the cost of infrastructure from IIDF with a ceiling of Rs.1.00 Crore, subject to (a) the location should be beyond 10 kms from the existing Industrial Estates/IDA's having vacant land/shed for allotment and (b) cost of the infrastructure limited to 15% of the eligible fixed capital investment made in the industry.

8. The industry shall provide at least 80% of employment to the candidates belonging to Andhra Pradesh for becoming eligible to the above incentives.

9. The Commissioner of Industries/ Vice Chairman & Managing Director, A.P.Industrial Infrastructure Corporation Ltd., shall take further necessary action accordingly and intimate the status of the progress of work done by the unit from time to time to Government.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

T.S.APPA RAO
PRINCIPAL SECRETARY TO GOVERNMENT &
COMMISSIONER FOR INDUSTRIAL PROMOTION

To

The Commissioner of Industries, Andhra Pradesh, Hyderabad

The Vice Chairman & Managing Director, APIIC, Hyderabad

The Chairman, M/s. Amerind Petroleum Private Limited, Hyderabad- 500034,
through the Commissioner of Industries, A.P. Hyderabad.

The District Collector, Visakhapatnam.

Copy to

The Accountant General, Andhra Pradesh, Hyderabad

The Commissioner of Commercial Taxes, Hyderabad

The Chairman & Managing Director, APTRANSCO., Hyderabad

The Managing Director, APEPDC Ltd., Hyderabad

The General Manager, District Industries Centre, Visakhapatnam through the
Commissioner of Industries, A.P. Hyderabad.

The Finance (Exp. I&C) Department.

The Energy Department.

The Irrigation & CAD (Reforms) Department.

The Revenue (LA/CT) Department.

P.S. to Secretary to Hon'ble C.M.,

P.S. to Chief Secretary to Government.

P.S. to Minister(Major Industries)

P.S. to Principal Secretary to Government & CIP, Ind. & Com. Dept.

SC/SF

//FORWARDED :: BY ORDER//

SECTION OFFICER